

Union Calendar No. 227

104TH CONGRESS  
2D Session

**H. R. 1332**

[Report No. 104-471]

**A BILL**

To establish certain policies and responsibilities with respect to the administration of the Rongelap Resettlement Trust Fund, and for other purposes.

MARCH 5, 1996

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 28, 1995

Mr. GALLEGLY (for himself and Mr. FALEOMAVAEGA) introduced the following bill; which was referred to the Committee on Resources

MARCH 5, 1996

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italic*]

[For text of introduced bill, see copy of bill as introduced on March 28, 1995]

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## A BILL

To establish certain policies and responsibilities with respect to the administration of the Rongelap Resettlement Trust Fund, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) *SHORT TITLE.*—*This Act may be cited as the “Om-*  
 3 *nibus Insular Areas Act of 1995”.*

4 (b) *TABLE OF CONTENTS.*—*The table of contents for*  
 5 *this Act is as follows:*

*Sec. 1. Short title.*

**TITLE I—RONGELAP**

*Sec. 101. Short title.*

*Sec. 102. Policy regarding assistance for resettlement of people of Rongelap.*

*Sec. 103. Responsibilities relating to Rongelap Resettlement Trust Fund.*

*Sec. 104. Trustee and other fund personnel.*

*Sec. 105. Resettlement expenditures and activities.*

*Sec. 106. Transfer of unexpended and unobligated funds.*

**TITLE II—AMERICAN SAMOA**

*Sec. 201. Short title.*

*Sec. 202. Findings.*

*Sec. 203. Authorization of funding.*

*Sec. 204. Establishment of trust.*

*Sec. 205. Uses of trust funds.*

*Sec. 206. Disbursement of trust funds.*

*Sec. 207. Audits.*

*Sec. 208. Audits by the United States.*

*Sec. 209. Settlement of disputes.*

*Sec. 210. Criminal Violations.*

*Sec. 211. Definitions.*

**TITLE III—COMMONWEALTH OF THE NORTHERN MARIANA  
ISLANDS**

*Sec. 301. Termination of annual direct grant assistance.*

**TITLE IV—TERRITORIAL ADMINISTRATIVE CESSATION ACT**

*Sec. 401. Short title.*

*Sec. 402. Congressional findings.*

*Sec. 403. Elimination of Office of Territorial and International Affairs.*

*Sec. 404. Certain activities not funded.*

6 **TITLE I—RONGELAP**

7 **SEC. 101. SHORT TITLE.**

8 *This title may be cited as the “Rongelap Recovery and*  
 9 *Community Self-Reliance Act”.*

1 **SEC. 102. POLICY REGARDING ASSISTANCE FOR RESETTLE-**  
2 **MENT OF PEOPLE OF RONGELAP.**

3       *The purposes of this title are to improve the legal and*  
4 *policy framework for fulfillment of the objectives of section*  
5 *103(i) of Public Law 99–239 (99 Stat. 1783) and to pre-*  
6 *scribe the manner in which the Rongelap Resettlement*  
7 *Trust Fund established pursuant to Public Law 102–154*  
8 *(105 Stat. 1009) shall be administered in order to achieve*  
9 *the goal of early and safe resettlement of the people of*  
10 *Rongelap. The measures set forth in this title are appro-*  
11 *priate and necessary in light of the results of scientific stud-*  
12 *ies on the habitability of Rongelap conducted pursuant to*  
13 *section 103(i) of Public Law 99–239 and are intended to*  
14 *enable the people of Rongelap to exercise greater self-deter-*  
15 *mination and local self-government, and to take control of*  
16 *their own destiny and become more self-reliant, through a*  
17 *resettlement program consistent with the wishes of the*  
18 *Rongelapese people themselves. United States assistance to*  
19 *the people of Rongelap for purposes of resettlement shall be*  
20 *as directed by Congress and will be completed upon deter-*  
21 *mination by Congress that the United States has provided*  
22 *the total of its contribution to the rehabilitation of Rongelap*  
23 *Island and resettlement of the Rongelap people pursuant*  
24 *to section 103(i) of Public Law 99–239 and applicable pro-*  
25 *visions of Public Law 102–154. All such assistance shall*  
26 *be subject to the financial accountability provisions of this*

1 *title and shall be provided within the framework of the gov-*  
 2 *ernment-to-government relationship between the Republic of*  
 3 *the Marshall Islands and the United States as defined by*  
 4 *the Compact of Free Association Act of 1985.*

5 ***SEC. 103. RESPONSIBILITIES RELATING TO RONGELAP RE-***  
 6 ***SETTLEMENT TRUST FUND.***

7 *(a) SECRETARY OF THE INTERIOR.—*

8 *(1) TRANSFER OF FUNDS TO TRUSTEE OF*  
 9 *RONGELAP RESETTLEMENT TRUST FUND.—Consistent*  
 10 *with the Rongelap Resettlement Trust Fund agree-*  
 11 *ment between the Department of the Interior, the Re-*  
 12 *public of the Marshall Islands, and the Rongelap*  
 13 *Atoll Local Government, dated May 13, 1992, funds*  
 14 *appropriated in any fiscal year for the purpose of in-*  
 15 *creasing the corpus of the Rongelap Resettlement*  
 16 *Trust Fund shall be transferred by the Secretary of*  
 17 *the Interior to the trustee thereof, and the Department*  
 18 *of the Interior shall be administratively responsible*  
 19 *for effecting all such transfers of funds appropriated*  
 20 *for this purpose as required by law.*

21 *(2) LIMITATION OF DEPARTMENT OF THE INTE-*  
 22 *RIOR ACTIVITIES TO THOSE PROVIDED BY TRUST*  
 23 *FUND AGREEMENT.—The activities of the Department*  
 24 *of the Interior with respect to management of the*  
 25 *Rongelap Resettlement Trust Fund shall be limited to*

1     *those provided for in the trust fund agreement re-*  
2     *ferred to in paragraph (1), as it may from time to*  
3     *time be amended.*

4     ***(b) TRUSTEE.—***

5             ***(1) DUTIES, OBLIGATIONS AND LEGAL RESPON-***  
6             ***SIBILITIES.—****The duties, obligations and legal respon-*  
7             *sibilities of the trustee with respect to the Rongelap*  
8             *Resettlement Trust Fund shall be as set forth in the*  
9             *trust fund agreement referred to in subsection (a)(1),*  
10            *to which the United States, the Republic of the Mar-*  
11            *shall Islands and the Rongelap Atoll Local Govern-*  
12            *ment are parties with legal rights and powers to en-*  
13            *force the terms of the trust as set forth therein, and*  
14            *in applicable law.*

15            ***(2) DISTRIBUTION OF FUNDS.—****All funds con-*  
16            *tributed to the Rongelap Resettlement Trust Fund re-*  
17            *ferred to in subsection (a) of this section shall be dis-*  
18            *tributed by the trustee and used as determined by the*  
19            *Rongelap Atoll Local Government consistent with ap-*  
20            *plicable provisions of this title, Public Law 102–154,*  
21            *and the resettlement plan submitted to the United*  
22            *States Congress on March 15, 1995, in accordance*  
23            *with Report 103–551 of the House of Representatives,*  
24            *and referred to in Rongelap Atoll Local Government*  
25            *Council Resolution No. 95–20.*

1       (c) *AUDITS.*—

2               (1) *IN GENERAL.*—*In addition, management or*  
3       *use of trust assets shall be subject to the authority of*  
4       *the Comptroller General of the United States to con-*  
5       *duct financial audits of all trust transactions and ac-*  
6       *tivities, in the same manner as provided in section*  
7       *110(c) of Public Law 99–239. The Inspector General*  
8       *of the Department of the Interior also shall be author-*  
9       *ized to audit the use of Rongelap Resettlement Trust*  
10       *Fund assets.*

11              (2) *NOTICE REGARDING USE OF FUNDS OUTSIDE*  
12       *SCOPE OF TRUST.*—*If at any time it is determined by*  
13       *the cognizant audit authority that funds distributed*  
14       *by the trustee to the Rongelap Atoll Local Government*  
15       *have been used for purposes outside the statutory*  
16       *scope of the trust, such audit authority shall, at a*  
17       *time and in a manner which is lawful and does not*  
18       *interfere with any ongoing investigative process, law*  
19       *enforcement activity or other activities or operations*  
20       *required under applicable regulations and procedures,*  
21       *notify the chairman of the Committee on Energy and*  
22       *Natural Resources of the United States Senate, the*  
23       *chairman of the Committee on Resources of the Unit-*  
24       *ed States House of Representatives, the Republic of*  
25       *the Marshall Islands, the Rongelap Atoll Local Gov-*

1        *ernment, and the trustee, of such determination so*  
 2        *that the trustee and the parties to the trust agreement*  
 3        *may exercise their legal rights and powers, including*  
 4        *recovery of such funds.*

5        *(d) RETENTION OF UNITED STATES AUTHORITY OVER*  
 6        *TRUST FUND.—The United States Congress shall retain its*  
 7        *authority over the trust fund as set forth in the trust agree-*  
 8        *ment referred to in subsection (a)(1) and applicable stat-*  
 9        *utes, including Public Law 102–154.*

10    ***SEC. 104. TRUSTEE AND OTHER FUND PERSONNEL.***

11        *(a) TRUSTEE QUALIFICATIONS.—The trustee of the*  
 12        *Rongelap Resettlement Trust Fund shall be a qualified*  
 13        *United States financial institution with considerable expe-*  
 14        *rience in the administration of similar trusts and which*  
 15        *serves as the trustee manager or custodian of over*  
 16        *\$1,000,000,000 in assets. If the trustee on the date of enact-*  
 17        *ment of this Act does not meet the qualification criteria,*  
 18        *a new trustee which does satisfy these requirements shall*  
 19        *in due course be appointed subject to the procedures set forth*  
 20        *in the trust fund agreement referred to in section 103(a).*

21        *(b) INVESTMENT FUND MANAGERS AND ADVISERS AND*  
 22        *CONSULTANTS.—Investment fund managers and advisers or*  
 23        *consultants designated by the Rongelap Atoll Local Govern-*  
 24        *ment in accordance with the trust agreement to provide*  
 25        *services in connection with management of the Rongelap*



1 *Resettlement Trust Fund must be registered with the Secu-*  
 2 *rities and Exchange Commission and be in compliance with*  
 3 *applicable provisions of the Investment Advisers Act of 1940*  
 4 *(15 U.S.C. 80b–1 et seq.)*

5 **SEC. 105. RESETTLEMENT EXPENDITURES AND ACTIVITIES.**

6 (a) *ACTIVITIES.*—*The Rongelap Atoll Local Govern-*  
 7 *ment shall have the discretion, to the extent determined by*  
 8 *the Rongelap Atoll Local Government Council acting within*  
 9 *its lawful authority, to include in the resettlement program*  
 10 *activities described in the Memorandum of Understanding*  
 11 *of February 21, 1992, between the Department of the Inte-*  
 12 *rior, Department of Energy, the Republic of the Marshall*  
 13 *Islands, and the Rongelap Atoll Local Government.*

14 (b) *USE OF ANNUAL INCOME.*—

15 (1) *IN GENERAL.*—*With respect to each fiscal*  
 16 *year following the establishment of the Rongelap Re-*  
 17 *settlement Trust Fund pursuant to Public Law 102–*  
 18 *154, the authority of the Rongelap Atoll Local Gov-*  
 19 *ernment and the trustee, within the statutory scope*  
 20 *and purpose of the trust, shall include distribution of*  
 21 *up to 50 percent of the annual income (interest and*  
 22 *earnings) of the trust fund, but in no year more than*  
 23 *\$500,000, increased in accordance with paragraph*  
 24 *(2), to provide local government support and pro-*  
 25 *grams for the benefit of the people of Rongelap, in-*

cluding funding for food, shelter, medicine, infant care, sanitation, personal hygiene and other basic human needs arising from dislocation and adjustment during resettlement, as well as local government administrative and operations costs and expenses arising directly from or which are directly connected to the resettlement process.

(2) *ADJUSTMENT.*—The amount referred to in paragraph (1) shall be increased annually by the same proportion as the percentage increase in the United States Consumer Price Index For All Urban Consumers (published by the Bureau of Labor Statistics, Department of Labor) for the most recent year preceding the date on which the increase, if any, is calculated.

(c) *AVAILABILITY OF ASSISTANCE FOR RESETTLEMENT IN THE MARSHALL ISLANDS OTHER THAN ON RONGELAP.*—

(1) *GOAL OF RESETTLEMENT ON RONGELAP.*—  
The Congress supports the goal of enabling the entire Rongelap community to achieve resettlement in accordance with Resolution Number 95–20 adopted by the Rongelap Atoll Local Government Council on March 9, 1995, consistent with the findings of scientific studies conducted pursuant to section 103(i) of

1     *Public Law 99–239 which indicate that agreed upon*  
2     *radiation exposure limits can be met at Rongelap Is-*  
3     *land if certain risk mitigation measures are taken.*

4             (2) *RESETTLEMENT ASSISTANCE.*—(A) *To ensure*  
5     *that members of the Rongelap community who do not*  
6     *choose to return to Rongelap in light of these sci-*  
7     *entific findings are able to end their dislocation and*  
8     *settle somewhere in the Marshall Islands, assistance*  
9     *for construction of family housing and other resettle-*  
10    *ment assistance may be provided to members of the*  
11    *Rongelap community who elect to settle at a location*  
12    *in the Marshall Islands other than Rongelap Atoll on*  
13    *the same basis as assistance provided for those who*  
14    *elect to return to Rongelap, subject to the authority*  
15    *and discretion of the Rongelap Atoll Local Govern-*  
16    *ment to determine the schedule, terms, specifications*  
17    *and scope of such assistance in the context of the over-*  
18    *all community resettlement program at Rongelap*  
19    *Atoll, which shall remain the primary objective for*  
20    *management and use of trust fund assets.*

21            (B) *Assistance provided pursuant to subpara-*  
22    *graph (A) to those who elect to resettle at a place*  
23    *other than Rongelap shall not include measures to be*  
24    *employed or benefits to be provided for those resettling*

1       *at Rongelap Atoll for the purpose of mitigating risks*  
2       *posed by radiological conditions at Rongelap.*

3           *(C) Any Rongelapese person receiving assistance*  
4       *for resettlement at a location other than Rongelap*  
5       *Atoll pursuant to subparagraph (A) shall be ineligible*  
6       *for such assistance for the purposes of resettling again*  
7       *later at Rongelap Atoll. The preceding sentence shall*  
8       *cease to apply once all members of the Rongelap com-*  
9       *munity, as defined and recognized by the Nuclear*  
10       *Claims Tribunal established pursuant to section 177*  
11       *of the Compact of Free Association (as contained in*  
12       *Public Law 99–239), have received resettlement as-*  
13       *sistance at Rongelap or assistance on the same basis,*  
14       *except as provided in subparagraph (B), at another*  
15       *location of their choosing.*

16           *(3) SCOPE OF TRUST.—The assistance activities*  
17       *authorized in this section shall be deemed to be within*  
18       *the scope of the trust notwithstanding any provision*  
19       *of Public Law 102–154 to the contrary.*

20           *(d) FOOD IMPORTATION.—The trustee of the Rongelap*  
21       *Resettlement Trust Fund shall make no distribution from*  
22       *the corpus of the Trust which as a matter of prudent finan-*  
23       *cial management in the judgment of the trustee would be*  
24       *inconsistent with the objective of ensuring that funds will*  
25       *be available for as long as the trust fund agreement referred*

1 *to in section 103(a)(1) is in effect for the purpose of provid-*  
 2 *ing imported food and locally produced food which meets*  
 3 *relevant health and safety standards in amounts sufficient*  
 4 *to meet the nutritional needs of the Rongelap community*  
 5 *residing at Rongelap Atoll.*

6 **SEC. 106. TRANSFER OF UNEXPENDED AND UNOBLIGATED**  
 7 **FUNDS.**

8 *All funds appropriated pursuant to the authorization*  
 9 *contained in section 103(i) of Public Law 99–239 for sci-*  
 10 *entific radiological studies to determine the habitability of*  
 11 *Rongelap Island in the Republic of the Marshall Islands,*  
 12 *or which have been obligated for use by the “Rongelap Re-*  
 13 *settlement Project” to support such studies, which as of the*  
 14 *date of enactment of this Act have not been expended shall*  
 15 *be transferred to the Rongelap Atoll Local Government and*  
 16 *expended only pursuant to a budget approved by the*  
 17 *Rongelap Local Government Council and for activities con-*  
 18 *sistent with the purposes for which such funds were appro-*  
 19 *priated, including scientific research and island rehabilita-*  
 20 *tion measures connected to resettlement of Rongelap.*

21 **TITLE II—AMERICAN SAMOA**

22 **SEC. 201. SHORT TITLE.**

23 *This title may be cited as the “American Samoa Eco-*  
 24 *nomie Development Act of 1995”.*

1 **SEC. 202. FINDINGS.**

2 *The Congress finds that—*

3 *(1) funding for the United States territory of*  
4 *American Samoa has been based on the joint resolu-*  
5 *tion entitled “Joint Resolution to provide for accept-*  
6 *ing, ratifying, and confirming cessions of certain is-*  
7 *lands of the Samoan group to the United States, and*  
8 *for other purposes”, as amended (48 U.S.C. 1661),*  
9 *with commitments being made on a yearly basis;*

10 *(2) American Samoa is locally self-governing*  
11 *with a constitution of its own adoption and the direct*  
12 *election of the Governor since 1977;*

13 *(3) the territory of American Samoa has had dif-*  
14 *ficulty in planning and implementing comprehensive*  
15 *and sustainable infrastructure based solely on annual*  
16 *ad hoc grants; and*

17 *(4) the territory of American Samoa and the*  
18 *United States would benefit from a multiyear funding*  
19 *commitment which promotes economic development*  
20 *and self-sufficiency and requires compliance with fi-*  
21 *nancial management accounting standards, the estab-*  
22 *lishment of semiautonomous public utility authorities*  
23 *utilizing cost-recovery principles, and the phaseout of*  
24 *Federal subsidies for Government operations.*

1 **SEC. 203. AUTHORIZATION OF FUNDING.**

2 (a) *IN GENERAL.*—There are authorized to be appro-  
3 priated to the Secretary of the Interior for the Government  
4 of American Samoa \$34,500,000, backed by the full faith  
5 and credit of the United States, for each of fiscal years 1996  
6 through 2005. Such amounts shall not be released to the  
7 Government of American Samoa if the conditions in this  
8 title are not met, and are subject to the limits specified in  
9 the table in subsection (b), to be used for—

10 (1) *construction of capital assets of American*  
11 *Samoa;*

12 (2) *the operations of the Government of Amer-*  
13 *ican Samoa; and*

14 (3) *reduction of unbudgeted debt.*

15 (b) *TABLE OF MULTIYEAR FUNDING.*—The table re-  
16 *ferred to in this subsection is as follows:*

*[In millions of dollars]*

| <i>Fiscal year</i> | <i>Year #</i> | <i>Operations</i> | <i>Construction</i> | <i>Deficit reduction<br/>(100% match)</i> | <i>Total</i> |
|--------------------|---------------|-------------------|---------------------|---|--------------|
| <i>1996 .....</i>  | <i>1</i>      | <i>23.0</i>       | <i>8.5</i>          | <i>3.0</i>                                | <i>34.5</i>  |
| <i>1997 .....</i>  | <i>2</i>      | <i>23.0</i>       | <i>8.5</i>          | <i>3.0</i>                                | <i>34.5</i>  |
| <i>1998 .....</i>  | <i>3</i>      | <i>23.0</i>       | <i>8.5</i>          | <i>3.0</i>                                | <i>34.5</i>  |
| <i>1999 .....</i>  | <i>4</i>      | <i>21.0</i>       | <i>10.5</i>         | <i>3.0</i>                                | <i>34.5</i>  |
| <i>2000 .....</i>  | <i>5</i>      | <i>18.0</i>       | <i>13.5</i>         | <i>3.0</i>                                | <i>34.5</i>  |
| <i>2001 .....</i>  | <i>6</i>      | <i>15.0</i>       | <i>19.5</i>         |   | <i>34.5</i>  |
| <i>2002 .....</i>  | <i>7</i>      | <i>12.0</i>       | <i>22.5</i>         |   | <i>34.5</i>  |
| <i>2003 .....</i>  | <i>8</i>      | <i>9.0</i>        | <i>25.5</i>         |   | <i>34.5</i>  |
| <i>2004 .....</i>  | <i>9</i>      | <i>6.0</i>        | <i>28.5</i>         |   | <i>34.5</i>  |
| <i>2005 .....</i>  | <i>10</i>     | <i>3.0</i>        | <i>31.5</i>         |   | <i>34.5</i>  |

1 **SEC. 204. ESTABLISHMENT OF TRUST.**

2 (a) *IN GENERAL.*—*The Government of American*  
3 *Samoa shall establish a trust into which the amounts ap-*  
4 *propriated pursuant to section 203 are placed.*

5 (b) *TRUSTEE.*—

6 (1) *IN GENERAL.*—*A trustee to administer the*  
7 *trust established by this section shall be nominated by*  
8 *the Governor of American Samoa with concurrence of*  
9 *the Secretary of the Interior, and confirmed by both*  
10 *Houses of the Legislature of American Samoa pursu-*  
11 *ant to local law, and shall be a United States finan-*  
12 *cial institution with considerable experience in the*  
13 *administration of similar trusts and which serves as*  
14 *the trustee manager or custodian of over*  
15 *\$1,000,000,000 in trust assets (hereafter in this title*  
16 *referred to as the “trustee”). The trustee shall not be*  
17 *the independent auditor required by section 207. The*  
18 *trustee shall be paid by the Government of American*  
19 *Samoa.*

20 (2) *REPLACEMENT.*—*The trustee may be termi-*  
21 *nated only by mutual agreement between the trustee*  
22 *and the Government of American Samoa, or at the*  
23 *end of its contract for services as trustee, or for good*  
24 *cause. Termination of a trustee for good cause must*  
25 *be recommended by the Governor of American Samoa*



1       *and approved by both Houses of the Legislature of*  
2       *American Samoa.*

3               (3) *OTHER TERMS AND CONDITIONS.—The trust-*  
4       *ee shall be subject to such other conditions as the Gov-*  
5       *ernment of American Samoa may provide under local*  
6       *law so long as such conditions do not conflict with*  
7       *Federal laws or regulations or with applicable trust*  
8       *fund agreement provisions governing administration*  
9       *of the trust.*

10              (4) *RESPONSIBILITY OF TRUSTEE.—A qualified*  
11       *trustee appointed under this title shall perform its*  
12       *duties subject to the governing law of the jurisdiction*  
13       *in which the principal office of the trustee is located.*  
14       *Administration of the trust to achieve the objectives of*  
15       *this title shall be in accordance with a trust fund*  
16       *agreement between the Government of American*  
17       *Samoa and the trustee governing the trust. Such*  
18       *agreement shall provide that the trustee shall use rea-*  
19       *sonable and prudent care and reasonable and prudent*  
20       *due diligence in the exercise of the powers and the*  
21       *performance of the duties prescribed in this title and*  
22       *the trust agreement. The trust agreement may pre-*  
23       *scribe further the specific duties of the trustee, as well*  
24       *as those of other parties identified in this title, in-*

cluding audit authorities and the Government of  
American Samoa.

(5) *LIABILITY.*—

(A) *IN GENERAL.*—The trustee shall be liable for any release of funds which is not authorized by this title. Upon a determination of liability under this subsection, the trustee shall reimburse the United States Treasury in the amount of the unauthorized release of funds within 90 days of such determination.

(B) *EXCEPTION.*—The trustee shall not be liable for—

(i) any mistake or other action taken in good faith, or for any loss unless resulting from the trustee's own default, negligence, or bad faith; or

(ii) any act or omission mandated by law or by the process or final order of any court of appropriate jurisdiction.

(C) *REIMBURSEMENT.*—In the event the trustee is determined by a court to have acted in bad faith in breach of its duties under this title, the trustee shall reimburse the United States Treasury in the amount of any loss resulting therefrom.

1       (c) *TRUST FUNDS.*—

2               (1) *DEPOSIT; INVESTMENT.*—*The trust funds*  
3       *shall be deposited in an account or accounts of a fi-*  
4       *nancial institution insured by the Federal Deposit*  
5       *Insurance Corporation pursuant to regulations and*  
6       *direction of the Department of the Treasury, and, to*  
7       *the extent such funds are available for investment,*  
8       *may be invested by the Government of American*  
9       *Samoa, or the trustee if so designated, in only feder-*  
10       *ally insured accounts or issues of bonds, notes or other*  
11       *redeemable instruments of the Government of the*  
12       *United States.*

13              (2) *USE OF INTEREST AND DIVIDENDS.*—*Interest*  
14       *or dividends earned from investment of trust funds*  
15       *under paragraph (1) may be used for projects con-*  
16       *tained on the approved master plan of capital needs*  
17       *developed under section 205, or for the costs of man-*  
18       *aging the trust.*

19              (3) *AVAILABILITY AND USE OF FEDERAL*  
20       *FUNDS.*—*Federal funds made available for the pur-*  
21       *poses described in section 203(a)(1) may be used only*  
22       *on projects from the approved master plan of capital*  
23       *needs.*

24       (d) *REPORTS.*—*Within 90 days after the end of each*  
25       *fiscal year, the trustee shall submit an annual report to*

1 *the chairmen and ranking minority members of the Com-*  
 2 *mittee on Energy and Natural Resources and the Commit-*  
 3 *tee on Appropriations of the United States Senate, the Com-*  
 4 *mittee on Resources and the Committee on Appropriations*  
 5 *of the United States House of Representatives, the Govern-*  
 6 *ment of American Samoa, the Comptroller General of the*  
 7 *United States, and the Inspector General of the Department*  
 8 *of the Interior. The report shall include at a minimum the*  
 9 *financial statements of the account or accounts in which*  
 10 *it holds trust funds pursuant to this title.*

11 ***SEC. 205. USES OF TRUST FUNDS.***

12 *(a) CAPITAL NEEDS.—*

13 *(1) MASTER PLAN OF CAPITAL NEEDS.—No*  
 14 *funds appropriated pursuant to this title shall be re-*  
 15 *leased by the trustee for construction of capital assets*  
 16 *without the submission by the Government of Amer-*  
 17 *ican Samoa to the trustee of a master plan of capital*  
 18 *needs that ranks projects in order of priority for at*  
 19 *least five years. The master plan shall be approved by*  
 20 *the Governor and passed by both Houses of the Legis-*  
 21 *lature of American Samoa pursuant to such laws as*  
 22 *the Government of American Samoa may enact. The*  
 23 *master plan of capital needs may be amended at any*  
 24 *time, but all amendments must be approved by the*  
 25 *Governor and passed by both Houses of the Legisla-*

1        *ture of American Samoa. The plan shall include the*  
2        *capital needs of all the islands of American Samoa.*

3            (2) *FUNDS FOR CONSTRUCTION OF CAPITAL AS-*  
4        *SETS.—Funds for the construction of capital assets*  
5        *shall be paid to the Government of American Samoa,*  
6        *the relevant semiautonomous agency, or a contractor*  
7        *only after approval by the trustee. The trustee shall*  
8        *approve the release of funds only for construction*  
9        *projects for a public purpose in the areas of commu-*  
10       *nications, electrical power, water, waste water, dis-*  
11       *posal of solid waste, roads, schools, school transpor-*  
12       *tation system, air, water and surface transportation,*  
13       *ports, harbors, storage and transportation facilities of*  
14       *fuels or other forms of energy, health, and construc-*  
15       *tion of government-owned buildings. Funding made*  
16       *available for construction of capital assets may only*  
17       *be used for projects listed on the master plan of cap-*  
18       *ital needs as set forth in this section. To the extent*  
19       *an appropriation is available, the projects contained*  
20       *on the master list with the highest priority are to be*  
21       *funded. Funding made available for construction of*  
22       *capital assets may only be used for projects which*  
23       *comply with the procurement requirements set forth*  
24       *in subtitle A of part 12, Code of Federal Regulations.*

1           (3) *YOUTH FACILITIES.*—At least \$3,000,000 per  
2     year of any funding made available pursuant to sec-  
3     tion 203(a)(1) may only be used for the construction  
4     or repair of capital assets primarily available for the  
5     school-age residents of American Samoa, such as (but  
6     not limited to) school buildings, libraries on school  
7     premises and the books contained therein, and athletic  
8     facilities on school premises. Beginning with fiscal  
9     year 1997, these projects shall be incorporated into  
10    the master plan of capital needs required under para-  
11    graph (1). Facilities for the American Samoa Com-  
12    munity College are included within the purview of  
13    this section. For fiscal year 1996, construction of the  
14    following is authorized: \$1,000,000 for a library for  
15    the American Samoa Community College; \$1,000,000  
16    to expand the gymnasium at the American Samoa  
17    Community College; \$750,000 for a gymnasium for  
18    Samoana High School; \$100,000 for the renovation of  
19    the library, computer room, and toilet facilities at  
20    Fagaitua High School; \$50,000 for the renovation of  
21    the library, computer room and toilet facilities for  
22    Manu'a High School; \$50,000 for the renovation of  
23    the library and toilet facilities at Aua Elementary  
24    School; and \$50,000 for the renovation of the library

1        *and toilet facilities for Fitiuta, Faleasao, Ofu-*  
2        *Olosega, and Aunu'u Elementary Schools.*

3                (4) *REQUIREMENT OF SEMIAUTONOMOUS AGEN-*  
4        *CIES.—Beginning with fiscal year 1997, no funds for*  
5        *the construction of capital assets shall be released by*  
6        *the trustee in the areas of communications, electrical*  
7        *power, public health, transportation, water, and*  
8        *wastewater until there is established by local law*  
9        *semiautonomous agencies of the Government of Amer-*  
10       *ican Samoa for the category in which the funding is*  
11       *required.*

12               (5) *MAINTENANCE PLAN.—For fiscal years 1997*  
13       *and all following years, ten percent of the estimated*  
14       *cost of each project shall not be released by the trustee*  
15       *for the construction of capital assets until the Govern-*  
16       *ment of American Samoa, or the appropriate semi-*  
17       *autonomous agency if required, submits to the trustee*  
18       *a maintenance plan covering the anticipated life of*  
19       *the project and the maintenance of the project is ini-*  
20       *tially funded. The maintenance plan shall include the*  
21       *estimated cost of maintaining and repairing the*  
22       *project and identify a source to fund the estimated*  
23       *maintenance and repairs for the anticipated life of*  
24       *the project. The initial funding for this maintenance*  
25       *plan shall be in the amount of five percent of the cost*

1       of the project. Federal funds made available for the  
2       purposes described in section 203(a)(1) may be used  
3       for the initial funding. Other Federal funds made  
4       available pursuant to this title may not be used for  
5       this purpose. Funds set aside pursuant to this para-  
6       graph may be used for the maintenance and repair  
7       of any capital asset within the purview of the govern-  
8       ment or the appropriate semiautonomous agency.

9       (b) *DEBT REDUCTION*.—Any funding made available  
10      pursuant to section 203(a)(3) used to reduce the unbudgeted  
11      debt of the Government of American Samoa must be  
12      matched, on a dollar for dollar basis, by funds provided  
13      by the Government of American Samoa or the relevant  
14      semiautonomous agency from revenue raised from non-Fed-  
15      eral sources.

16      (c) *PROHIBITED USES OF FUNDS*.—Neither the funds  
17      appropriated pursuant to this title, nor any interest or  
18      dividends earned on those funds may be transferred to other  
19      accounts, or loaned to other accounts or agencies; nor may  
20      these funds, interest or dividends be used as collateral for  
21      loans made by the local government.

22      **SEC. 206. DISBURSEMENT OF TRUST FUNDS.**

23      (a) *OPERATIONS*.—Trust funds to be used for the oper-  
24      ations of the Government of American Samoa shall be dis-  
25      bursed in equal amounts on a monthly basis, on the first



1 *business day of each month of the fiscal year. An extra*  
2 *drawdown may be made once each fiscal year in an amount*  
3 *not to exceed ten percent of the amounts appropriated for*  
4 *the fiscal year for the purposes of section 203(a)(2), and*  
5 *only for purposes caused by extreme or territorial emer-*  
6 *gencies deemed unforeseeable by the trustee.*

7       **(b) CONSTRUCTION.**—*Trust funds to be used for the*  
8 *construction of capital assets shall be released by the*  
9 *trustee—*

10           *(1) to the Government of American Samoa or the*  
11 *relevant semiautonomous agency, only upon comple-*  
12 *tion of identifiable portions of the construction work*  
13 *if the work is performed by employees of the Govern-*  
14 *ment of American Samoa or the relevant semi-*  
15 *autonomous agency, or*

16           *(2) a bona fide contractor of the Government of*  
17 *American Samoa or relevant semiautonomous agency*  
18 *pursuant to the terms of a construction contract, on*  
19 *an invoice presented to the Government of American*  
20 *Samoa or the relevant semiautonomous agency and*  
21 *approved by appropriate officials of the Government*  
22 *of American Samoa or the relevant semiautonomous*  
23 *agency.*

24       **(c) DEBT REDUCTION.**—*Trust funds to be used for*  
25 *unbudgeted debt reduction made available under section*

1 203(a)(3) shall be released by the trustee on submission by  
2 the Government of American Samoa or the relevant semi-  
3 autonomous agency of proof of payment from non-Federal  
4 sources for debt reduction.

5 **SEC. 207. AUDITS.**

6 (a) *IN GENERAL.*—

7 (1) *REQUIRED.*—Beginning with fiscal year  
8 1996, the Government of American Samoa must ob-  
9 tain, at its own expense, a comprehensive financial  
10 audit meeting the requirements of chapter 75 of title  
11 31, United States Code, and subtitle A, part 12 of  
12 title 43, Code of Federal Regulations, which requires  
13 that an independent audit be made in accordance  
14 with generally accepted government auditing stand-  
15 ards covering financial and compliance audits. The  
16 audit shall determine whether the financial state-  
17 ments of the American Samoa Government present  
18 fairly its financial position and the results of its fi-  
19 nancial operations in conformance with generally ac-  
20 cepted accounting principles. The audit shall include  
21 the funds held in trust pursuant to this title.

22 (2) *INDEPENDENT AUDITOR'S OPINION.*—Begin-  
23 ning with fiscal year 2000, the audit required under  
24 this section must include all the requirements of para-  
25 graph (1) and an independent auditor's opinion that

1        *the financial statements of the Government of Amer-*  
2        *ican Samoa present fairly, in all material respects,*  
3        *its financial position and the results of its financial*  
4        *operations, in conformance with generally accepted*  
5        *accounting principles.*

6        *(b) SUBMISSION OF AUDIT REPORT TO UNITED*  
7        *STATES.—Reports of audits required in this section along*  
8        *with the local government’s corrective action plan to resolve*  
9        *any deficiencies reported shall be transmitted by the Gov-*  
10       *ernor of American Samoa to the chairmen and ranking*  
11       *members of the Committee on Energy and Natural Re-*  
12       *sources and the Committee on Appropriations of the United*  
13       *States Senate, the Committee on Resources and the Com-*  
14       *mittee on Appropriations of the United States House of*  
15       *Representatives, the Comptroller General of the United*  
16       *States, and the Inspector General of the Department of the*  
17       *Interior within 180 days of the end of each fiscal year for*  
18       *which the United States provides funding under this title.*

19       *(c) FAILURE TO OBTAIN AUDIT.—In the event the*  
20       *Government of American Samoa does not obtain a qualify-*  
21       *ing audit within the time required by this section, the In-*  
22       *spector General of the Department of the Interior shall no-*  
23       *tify the appropriate Federal agencies and the trustee not*  
24       *to disburse additional funds available under section*  
25       *203(a)(2) for the operations of the Government of American*

1 *Samoa, or any unobligated funds available under section*  
 2 *203(a)(1) for the construction of capital assets, until such*  
 3 *time as a qualifying audit is received and the previously*  
 4 *reported deficiencies corrected and the report of that audit*  
 5 *is forwarded as required by this section. Notwithstanding*  
 6 *the preceding sentence, one emergency disbursement may be*  
 7 *made per year under the provisions of section 206 of this*  
 8 *title, even if a qualifying audit report is not obtained or*  
 9 *the deficiencies identified by an audit have not been cor-*  
 10 *rected.*

11 ***SEC. 208. AUDITS BY THE UNITED STATES.***

12 *(a) IN GENERAL.—The Comptroller General of the*  
 13 *United States and the Inspector General of the Department*  
 14 *of the Interior shall have the authority to conduct audits*  
 15 *of all funds of all branches and semiautonomous authorities*  
 16 *of the Government of American Samoa. Nothing in this title*  
 17 *shall be construed to restrict the authority of these or other*  
 18 *Federal agencies to audit government funds as authorized*  
 19 *by Federal law.*

20 *(b) CORRECTIVE ACTION.—Where appropriate, audit*  
 21 *reports of the Comptroller General and the Inspector Gen-*  
 22 *eral shall include reasonable time limits on recommenda-*  
 23 *tions for corrective action. Such recommendations and the*  
 24 *respective time limits may be amended from time to time*  
 25 *as the audit authority deems appropriate. Deficiencies on*

1 *which recommendations for corrective action are made shall*  
2 *be designated major or minor.*

3 (c) *AUDIT COMMENT.—The Government of American*  
4 *Samoa, and any relevant semiautonomous agency, shall be*  
5 *afforded the opportunity to comment on, and propose reme-*  
6 *dial action to, draft audit reports before they become final,*  
7 *and the comments and proposed corrective action shall be*  
8 *published as part of the final audit report.*

9 (d) *OTHER LAWS.—The requirements of this section*  
10 *are in addition to any other Federal law governing finan-*  
11 *cial audits of American Samoa.*

12 (e) *SUBMISSION OF REPORTS.—Audit reports pre-*  
13 *pared by the Comptroller General or the Inspector General*  
14 *shall be submitted to the chairmen and ranking members*  
15 *of the Committee on Energy and Natural Resources and*  
16 *the Committee on Appropriations of the United States Sen-*  
17 *ate, the Committee on Resources and the Committee on Ap-*  
18 *propriations of the United States House of Representatives,*  
19 *the Government of American Samoa, and the trustee.*

20 (f) *FAILURE TO CORRECT DEFICIENCIES OF UNITED*  
21 *STATES AUDITORS.—If the cognizant audit authority deter-*  
22 *mines that the Government of American Samoa has not cor-*  
23 *rected a major deficiency noted in audit reports submitted*  
24 *pursuant to subsection (b) within the time prescribed for*  
25 *that major deficiency, the cognizant audit authority shall*

1 *notify the appropriate Federal agencies and the trustee not*  
2 *to disburse additional funds available under section*  
3 *203(a)(2) for the operations of the Government of American*  
4 *Samoa, or any unobligated funds available under section*  
5 *203(a)(1) for the construction of capital assets, until such*  
6 *time as the cognizant audit authority notifies the trustee*  
7 *and the appropriate Federal agencies that the major defi-*  
8 *ciency has been corrected, or disallowed costs have been re-*  
9 *covered, whichever may be appropriate.*

10 *(g) NOTICE REGARDING USE OF FUNDS OUTSIDE*  
11 *SCOPE OF TRUST.—If at any time it is determined by the*  
12 *cognizant audit authority that funds distributed by the*  
13 *trustee to the Government of American Samoa have been*  
14 *used for purposes outside the statutory scope of the trust,*  
15 *such audit authority shall, at a time and in a manner*  
16 *which is lawful and does not interfere with any ongoing*  
17 *investigative process, law enforcement activity or other ac-*  
18 *tivities or operations required under applicable regulations*  
19 *and procedures, notify the chairman and ranking member*  
20 *of the Committee on Energy and Natural Resources of the*  
21 *United States Senate, the chairman and ranking member*  
22 *of the Committee on Resources of the United States House*  
23 *of Representatives, the Government of American Samoa,*  
24 *and the trustee, of such determination so that the trustee*

1 *and the Government of American Samoa may exercise their*  
 2 *legal rights and powers, including recovery of such funds.*

3 ***SEC. 209. SETTLEMENT OF DISPUTES.***

4 *The High Court of American Samoa is authorized to*  
 5 *resolve disputes which arise under this title pursuant to its*  
 6 *rules of procedure.*

7 ***SEC. 210. CRIMINAL VIOLATIONS.***

8 *Prosecution of violations of Federal or local criminal*  
 9 *law which occur concerning funds appropriated pursuant*  
 10 *to this title may be brought in local and Federal courts,*  
 11 *as appropriate.*

12 ***SEC. 211. DEFINITIONS.***

13 *As used in this title, the following definitions apply:*

14 *(1) The term “area of disbursement” means one*  
 15 *of the three authorized purposes for which funds may*  
 16 *be disbursed found at paragraphs (1) through (3) of*  
 17 *section 203(a).*

18 *(2) The term “cognizant audit authority” means*  
 19 *the Comptroller General of the United States, or the*  
 20 *Inspector General of the Department of the Interior.*

21 *(3) The term “extreme or territorial emer-*  
 22 *gencies” means serious situations or occurrences*  
 23 *which happen unexpectedly and have a significant*  
 24 *impact on the finances of the territory, including acts*  
 25 *of God which cause severe disruption of public serv-*

1        *ices such as transportation, medical services, and*  
2        *utility services.*

3            (4) *The term “master plan of capital needs”*  
4        *means a list of capital assets needed by the Govern-*  
5        *ment of American Samoa, including any semi-*  
6        *autonomous agencies which may be created before or*  
7        *after the date of the enactment of this title, to provide*  
8        *for efficient and effective operation of the government.*  
9        *The master plan may be completed before or after the*  
10       *date of the enactment of this title, so long as it meets*  
11       *the requirements set forth in section 205.*

12           (5) *The term “semiautonomous agency” means*  
13        *an agency within the executive branch of the Govern-*  
14        *ment of American Samoa which has the following*  
15        *characteristics:*

16           (A) *The agency is created by local statute,*  
17        *either before or after the date of the enactment of*  
18        *this title.*

19           (B) *The agency is managed by a board of*  
20        *directors, the individual directors of which are*  
21        *nominated by the Governor of American Samoa*  
22        *and confirmed by the Legislature of American*  
23        *Samoa.*

24           (C) *The terms of the directors are staggered.*



1           (D) *The board of directors has control over*  
 2           *the budget for that agency, although the entity*  
 3           *may be funded in part by grants or loans from*  
 4           *the Federal Government or the Government of*  
 5           *American Samoa.*

6           (E) *The board of directors has the authority*  
 7           *to set rates or fees collected by the agency for the*  
 8           *service it provides, subject to local law.*

9           (6) *The term “unbudgeted debt” means debt in-*  
 10          *curred for a lawful purpose by the Government of*  
 11          *American Samoa, or any of its agencies, departments,*  
 12          *or offices, in fiscal years prior to fiscal year 1996, in-*  
 13          *cluding debt which has been caused because more*  
 14          *funds were spent than were lawfully appropriated for*  
 15          *a particular budget item or because revenue for a*  
 16          *budget item did not meet budgeted estimates.*

17       ***TITLE III—COMMONWEALTH OF***  
 18       ***THE NORTHERN MARIANA IS-***  
 19       ***LANDS***

20       ***SEC. 301. TERMINATION OF ANNUAL DIRECT GRANT AS-***  
 21       ***SISTANCE.***

22       (a) *TERMINATION.*—*Pursuant to section 704(d) of the*  
 23       *Covenant to Establish a Commonwealth of the Northern*  
 24       *Mariana Islands in Political Union with the United States*  
 25       *of America (48 U.S.C. 1681 note), the annual payments*

1 *under section 702 of the Covenant shall terminate as of Sep-*  
 2 *tember 30, 1995.*

3 (b) *REPEAL.*—Sections 3 and 4 of the Act of March  
 4 24, 1976 (Public Law 94–241; 48 U.S.C. 1681 note), as  
 5 amended, are repealed, effective October 1, 1995.

6 (c) *CONFORMING AMENDMENTS.*—Section 5 of such  
 7 Act (48 U.S.C. 1681 note) is amended—

8 (1) by striking out “agreement identified in sec-  
 9 tion 3 of this Act” and inserting in lieu thereof  
 10 “Agreement of the Special Representatives on Future  
 11 United States Financial Assistance for the Govern-  
 12 ment of the Northern Mariana Islands, executed July  
 13 10, 1985, between the special representative of the  
 14 President of the United States and the special rep-  
 15 resentatives of the Governor of the Northern Mariana  
 16 Islands”; and

17 (2) by striking out “Committee on Interior and  
 18 Insular Affairs” and inserting in lieu thereof “Com-  
 19 mittee on Resources”.

## 20 ***TITLE IV—TERRITORIAL ADMIN-*** 21 ***ISTRATIVE CESSATION ACT***

### 22 ***SEC. 401. SHORT TITLE.***

23 *This title may be cited as the “Territorial Administra-*  
 24 *tive Cession Act”.*

1 **SEC. 402. CONGRESSIONAL FINDINGS.**

2 *The Congress finds that—*

3 *(1) each of the four political subdivisions of the*  
4 *United Nations Trust Territory of the Pacific Islands,*  
5 *known as the Japanese Mandated Islands, have suc-*  
6 *cessfully entered into distinct self-governing entities,*  
7 *thereby culminating in the final termination of the*  
8 *Trusteeship and the end of the trusteeship responsibil-*  
9 *ities of the United States as administering authority*  
10 *of the Trust Territory on October 1, 1994;*

11 *(2) the United States territories have developed*  
12 *progressively increased local self-government over the*  
13 *past five decades;*

14 *(3) the territories predominantly deal directly*  
15 *with Federal agencies and departments, as a State*  
16 *would;*

17 *(4) the administering responsibilities of the De-*  
18 *partment of the Interior with respect to the insular*  
19 *areas has declined substantially during the past five*  
20 *decades; and*

21 *(5) Federal-territorial relations can be enhanced*  
22 *and Federal fiscal conditions improved by the elimi-*  
23 *nation of unnecessary Federal bureaucracy.*

1 **SEC. 403. ELIMINATION OF OFFICE OF TERRITORIAL AND**  
 2 **INTERNATIONAL AFFAIRS.**

3 (a) *IN GENERAL.*—*The Office of Territorial and Inter-*  
 4 *national Affairs of the Department of the Interior, estab-*  
 5 *lished pursuant to the Order of the Secretary of the Interior*  
 6 *3046, of February 14, 1980, as amended, is hereby abol-*  
 7 *ished.*

8 (b) *TERMINATION OF POSITION OF ASSISTANT SEC-*  
 9 *RETARY.*—*Section 5315 of title 5, United States Code, is*  
 10 *amended by striking “Assistant Secretaries of the Interior*  
 11 *(6)” and inserting “Assistant Secretaries of the Interior*  
 12 *(5)”.*

13 (c) *EFFECTIVE DATE.*—*Subsection (a) and the amend-*  
 14 *ment made by subsection (b) shall take effect on the first*  
 15 *day of the first fiscal year that begins after the date of the*  
 16 *enactment of this Act.*

17 **SEC. 404. CERTAIN ACTIVITIES NOT FUNDED.**

18 *Amounts may not be made available for the following*  
 19 *program activities for assistance to territories for fiscal*  
 20 *years beginning after September 30, 1995, as identified*  
 21 *under the appropriations account numbered 14–0412–0–1–*  
 22 *808:*

- 23 (1) *technical assistance, item 00.12;*
- 24 (2) *maintenance assistance, item 00.14;*
- 25 (3) *disaster fund, item 00.17; and*
- 26 (4) *insular management controls, item 00.19.*

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